

More detailed information about the incentives listed in this brochure is available in [IRS Publication 954: Tax Incentives for Empowerment Zones and Other Distressed Communities](#), available on the web at: www.irs.gov/forms_pubs/pubs.html or by calling 800-829-3676.

Employee Related Tax Credits

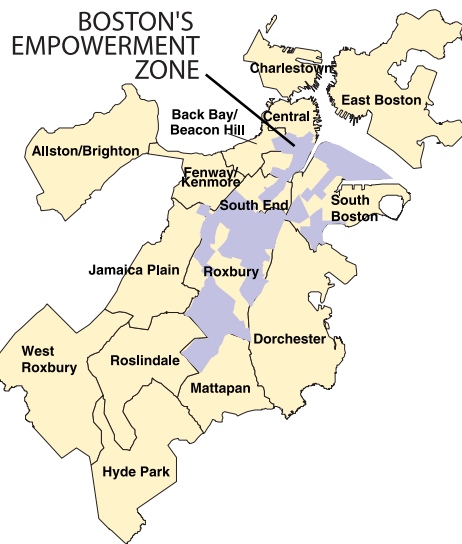
Zone Wage Credit	<ul style="list-style-type: none">Federal tax credit of up to \$3,000 for each employee who lives and works in the ZoneAvailable to <u>any business</u> for which employee performs substantially all its services in the ZoneMust be employed for at least 90 days. For new and current employees <p><i>To Apply: Self-certification by employee and IRS Form 8844</i></p> <div><div></div> x <div></div> x .20 = <div></div><div>#EZ employees</div><div>Wage (up to \$15,000)</div><div>Credit Rate</div><div>Zone Wage Credit</div></div>
Work Opportunity Tax Credit	<ul style="list-style-type: none">Federal tax credit up to \$2,400 for each employee from certain groups with high unemployment rates (e.g. veterans, EZ summer youth, ex-felons and vocational rehabilitation referrals)Business can be anywhere and credit continues as long as the employee is hiredCan be taken with the Zone Wage Credit but not Welfare to Work Tax Credit <p><i>To Apply: Certification of employee by MA Division of Employment & Training and IRS Forms 5884 and 8850</i></p> <div><div></div> x <div></div> x .40 = <div></div><div># WOTC employees working at least 400 hrs.</div><div>Wage, up to \$6,000</div><div>Credit Rate</div><div>WOT Wage Credit</div></div>
Citywide Benefit	<div><div></div> x <div></div> x .25 = <div></div><div>#WOTC employees working at least 120 hrs.</div><div>Wage, up to \$6,000</div><div>Credit Rate</div><div>WOT Wage Credit</div></div>
Welfare to Work Tax Credit	<ul style="list-style-type: none">Federal tax credit up to \$8,500 over two years for each new employee who has received family assistance or welfare for 18 months or more.Business and employee can be anywhereCan be taken with the Zone Wage Credit but not the Work Opportunity Tax Credit <p><i>To Apply: Certification of employee by MA Division of Employment & Training and IRS Forms 8861 and 8850</i></p> <div><div></div> x <div></div> x .35 = <div></div><div>WtW employees Working 1 year</div><div>Wage up to \$10,000</div><div>Credit Rate</div><div>WtW Wage Credit</div></div>
Citywide Benefit	<div><div></div> x <div></div> x .50 = <div></div><div>WtW employees Working 2 years</div><div>Wage up to \$10,000</div><div>Credit Rate</div><div>WtW Wage Credit</div></div>

Business Expense Related Tax Incentives

* Accelerated Depreciation on Purchase of Equipment and Machinery	<ul style="list-style-type: none">Increased Deduction of up to \$35,000 on all or part of depreciable property (equipment/ machinery) in the first year of useAvailable to “Qualified Zone Businesses” on “Qualified Zone Property” <p><i>To Apply: IRS Publication 946 and Form 4562</i></p> <div><div></div> x .35 = <div></div><div>Cost of Qualified Equipment up to \$35,000</div><div>Assumed Federal Tax Rate</div><div>Taxes Saved</div></div>
Zone Benefit	
* Reduced Capital Gains Taxes	<ul style="list-style-type: none">Exclusion of 60% of gain on the sale of stocks of an EZ business held more than 5 yearsGain on the sale of an “Empowerment Zone Asset” held more than 1 year is not recognized if a replacement is acquired in 60 daysApplicable to purchases after December 21, 2000 and by December 31, 2009 <p><i>To Apply: IRS Publication 550</i></p> <div><div></div> x .60 x .20 = <div></div><div>Amount of Gain from Appreciated Stock held more than five years</div><div>% Gain Excluded</div><div>Federal Tax Rate</div><div>Taxes Saved</div></div>
Zone Benefit	
*Zone Facility Bonds	<ul style="list-style-type: none">Tax Exempt Bonds for extensive (min. \$2,000,000) construction, renovation or acquisition of large Zone-based commercial, retail or industrial propertyFinancing of “Qualified Zone Property” with principal user a “Qualified Zone Business”Bonds are issued by state or local government <p><i>To Apply: Contact Boston Connects Inc.</i></p>
Zone Benefit	
New Markets Tax Credit	<ul style="list-style-type: none">Federal tax credit for investment of equity in a community development entity (CDE) certified by the US TreasuryCDE’s sell credits to investors, then use proceeds for equity, loans or financial services to business in low income areas.Credit is equal to 5% of investment between 2001 and 2003 and 6% between 2004 and 2007 <p><i>To Apply: CDE applies to US Treasury for certification and tax credits, then sells credits to investors. See Section 45D of the Internal Revenue Code</i></p>
Citywide Benefit	
Environmental Cleanup Cost Deduction	<ul style="list-style-type: none">Deduction of “qualified Environmental Cleanup costs” in the tax year of payment or when the cost was incurred.For costs incurred after August 5, 1997 and before January 1, 2004. <p><i>To Apply: Include as “Other Deduction” on business tax returns and reference Section 198 of the Internal Revenue Code</i></p>
Citywide Benefit	

* These tax incentives are only available to a defined group of “Qualified Zone Businesses” (QZB). A QZB must be located within the EZ, and derive at least 50% of its income from business within the EZ.

This brochure is provided for informational purposes only. It should not be regarded as advice concerning eligibility for, or a basis for, computing any of the tax credits it discusses. Consult with a tax advisor or with the IRS. Please be advised that this brochure was not submitted for endorsement by the U.S. Department of Housing and Urban Development or the IRS.



The Empowerment Zone includes significant portions of Chinatown, Downtown, Roxbury, South Boston, the South End, Mission Hill and Mattapan.

* To find out if a specific address is in the Zone, visit www.bostonEZ.org

For additional business assistance information:

City of Boston
Department of Neighborhood Development
Office of Business Development
617-635-2000 www.cityofboston.gov/dnd/obd

City of Boston
Boston Redevelopment Authority
617-722-4300 www.cityofboston.gov/bra

Commonwealth of Massachusetts
Massachusetts Office of Business Development
617-973-8686 www.mass.gov/mobd

Commonwealth of Massachusetts
Division of Employment and Training
617-626-5363

Internal Revenue Service
800-829-1040 www.irs.gov

HUD Empowerment Zone/Enterprise Community
www.hud.gov

Small Business Administration
800-UASK-SBA (800-827-5722) www.sba.gov

U.S. Department of Labor
www.doleta.gov



Thomas M. Menino
Mayor of Boston

Economic self-sufficiency for individuals, families, and communities. www.Boston.EZ.org



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Boston, MA 02119



Tax Incentive Information for Boston Empowerment Zone Businesses!



Thomas M. Menino
Mayor of Boston

Welcome to Boston's Empowerment Zone!

Many of Boston's core businesses can benefit from an understanding of the tax incentives available to them from Boston's Empowerment Zone. The financial, service, industrial, retail and commercial sectors can all improve their bottom line because part of Boston is a U.S. Department of Housing and Urban Development Empowerment Zone (EZ).

The thousands of dollars your business can save each year in salaries, property, and business expenses could help you expand your operations and increase profits **with minimal paperwork**. This brochure describes these tax benefits and identifies the agencies that support business development.

The assets of the Empowerment Zone include a strong and diverse labor pool; a Boston location; easy access to the regional transportation system; and certain tax advantages. Boston Connects Inc. can be a resource that provides you with technical assistance and connecting you with Zone residents who are ready to work.

We encourage you to understand and to maximize use of these tax benefits to help expand your business. Please call the Boston Connects Inc. office at (617) 541-2670 for any assistance you may need.